

May 9, 2005

Michael Alpert  
Chairman, Little Hoover Commission  
925 L Street, Suite 805  
Sacramento, CA 95814

Re: Teale and HHSDC Outsourced Contracts

Dear Commissioner Alpert:

During my testimony at the April 28<sup>th</sup> public hearing on the Governor's Reorganization of Technology Services, you requested that SEIU Local 1000, CSEA (Union) provide you with a better picture of the amount of outsourcing dollars spent by the Stephen P. Teale Data Center (Teale) and the Health and Human Services Data Center (HHSDC).

As we do not have access to all contracts let by the State and the information we obtain is piecemeal, our estimates are conservative. In fact, the Department of General Services (DGS), the State's primary contracts oversight agency, apparently does not have accurate and up-to-date outsourcing information<sup>1</sup>.

Our figures are based on information obtained from DGS' SCPRS database for active private sector contracts as of November 4, 2004, and from DGS' "Statewide Small Business and Microbusiness Annual Report for Fiscal Year 2003 - 2004" (Small Business Report). The Small Business Report contains information from a different time frame than SCPRS and also contains public sector contracts.

Information we obtained is as follows:

Health and Human Services Data Center:

- SCPRS database = \$62.9 million. This concerns one contract with one contractor (Deloitte Consulting) for 2003 - 2008 for mapper programming services;
- Small Business Report = \$90,608,354 in service contracts and an additional \$8 million in goods contracts. HHSDC had 734 contracts with small and microbusiness alone.

Teale Data Center

- SCPRS database = \$39.42 million. Teale had 146 contracts worth \$33.5 million and 29 amended contracts worth \$5.89 million, with at least 8 contracts each worth over \$1 million. Contained in this figure are non - IT service contracts including security guard services contracts worth \$2.97 million and outsourced printing worth \$1.1 million;
- Small Business Report = \$24, 430,942.

I hope this information meets your request. We are aggressively pursuing accurate outsourcing information, despite resistance from the State, so we may better serve the State and the public by identifying wasted taxpayer dollars used for outsourcing. I can be reached at (916) 600-6018 if you wish to discuss these dollar amounts in more detail.

Sincerely,

/s/

Margarita Maldonado, Chair of Bargaining Unit 1  
SEIU Local 1000, CSEA

---

<sup>1</sup> As DGS Director Ron Joseph stated in his recent report to the Senate, "From pencils to computers to vehicles, the state has not previously placed a premium on knowing what it buys, in what quantities it buys, from whom it buys, or how it spends overall on major categories of goods and services."